R J Reynolds
Tobacco Company

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To: Region 1600 Managers
Bill Roth

Re: Wave Cigarettes

The purpose of this letter is to clear up any confusion about the introduction of a brand of cigarette called Wave. As information, this brand is manufactured by a company called Japan Tobacco Inc. This product is priced the same as Doral. It has started showing up at Direct Accounts this week.

There will be an initial distribution of BIGIF on this brand which will be delivered in February. The quantities do not seem to be too heavy. After that, the product will go out $3.50 off invoice. According to our Gap Decision tree, we can spend $3.00 on Doral with our ceiling strategy.

This information is being sent so that you can discuss with your reps on how to handle this with their retail accounts before they order Wave.

The Bundling Approach should be used to show the retailer how all our programs are tied together.

Here is another way that our reps can position this at retail:

WAVE	DORAL
LIST: $ 9.19	LIST: $ 9.19
RETAIL COST: $15.37	RETAIL COST: $15.37
W/ $3.50 OFF: $11.73	

(14 cent difference because 3.50 is taken off cost before adding tax and terms)

If we give the retailer $3.00 off Doral, it brings their cost down to $12.37 a carton. This accounts for a 6 cent difference in price for packs. Why would a retailer take on a no-name brand and try to drive it when we can compete with that price with a National Brand such as Doral?

I have the information packet on Wave. If you need additional information, please feel free to call.

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Source: https://www.industrydocuments.ucsf.edu/docs/yjbn0000

Note to Ray Noonan: E. P. Kirst, Buffalo Tobacco and Derigo have already taken on this brand. Kirst seems to be the one that is trying to drive it.

Sincerely,

Cheryl

Cheryl Alessandra

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